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Subject: Washington Post: US accuses Fiat Chrysler of trying to mask emissions in 100,000 vehicles, 5/24/17

Washington Post

https://www.washingtonpost.com/business/economy/us-accuses-fiat-chrysler-of-trying-to-mask-emissions-in-100000-vehicles/2017/05/23/10ad09d0-3fe0-11e7-adba-394ee67a7582_story.html?utm_term=.17582f2aaa82

US accuses Fiat Chrysler of trying to mask emissions in 100,000 vehicles
By Thomas Heath 5/23/17, 6:42PM

The Justice Department filed a civil complaint Tuesday alleging that Fiat Chrysler Automobiles installed software designed to cheat emission controls in more than 100,000 diesel vehicles, including its popular Jeep Grand Cherokee sport-utility vehicle.

The lawsuit states nearly 104,000 vehicles are "equipped with software functions that were not disclosed to regulators during the certification application process, and that the vehicles contain defeat devices," the Justice Department said in the complaint, which was filed Tuesday on behalf of the Environmental Protection Agency.

The complaint exposes Fiat to up to $4.6 billion in fines and covers 2014-16 model years of Jeep Grand Cherokees and Ram 1500 EcoDiesel pickups. The Ram pickups comprise the vast majority of the vehicles counted in the suit, according to Fiat Chrysler.

The EPA has declined to certify diesel Ram and Grand Cherokees since January, preventing Fiat Chrysler from selling those vehicles. Those models are the automaker's two strongest sellers in the U.S. market.

Fiat Chrysler issued a statement saying it was "disappointed" with the lawsuit and said the auto giant "intends to defend itself vigorously, particularly against any claims that the company engaged in any deliberate scheme to install defeat devices to cheat U.S. emissions tests."

Fiat sold nearly 50,000 diesel Ram pickups in the United States in each year of 2015 and 2016, making it the largest-selling diesel-powered light truck.
The Fiat suit filed under the Clean Air Act echoes the Justice Department's highly publicized emissions suit against Volkswagen, which resulted in one of the costliest corporate criminal convictions ever.

Fiat Chrysler has argued for months that its case is not analogous to VW. The German automaker earlier this year agreed to pay $4.3 billion in criminal and civil fines and pleaded guilty to three felonies for misleading regulators and selling polluting vehicles. The company admitted cheating diesel emissions tests with 580,000 U.S. vehicles.

The total cost to VW could rise into tens of billions after lawsuits by car owners are settled. The Justice Department accused VW of turning off its emissions control system to evade detection by regulators, and called it a "defeat device."

The lawsuit filed Tuesday against Fiat Chrysler said the company did not disclose to regulators certain software that "lessen the effectiveness of the vehicles' emissions control systems during certain normal driving situations.

"In short, the complaint now alleges that the vehicles contain defeat devices," according to the complaint.

Fiat has said its software referred to in the lawsuit is not a defeat device because it goes on and off to protect the engine from wear and tear, which it says is an acceptable use.

A Fiat Chrysler spokesman declined to comment, but the Italian American automaker's chief executive Sergio Marchionne in a January conference call with reporters angrily rejected any comparison to VW when the company became aware of regulator scrutiny. Marchionne argued in the call that Fiat never attempted to create software to cheat emissions rules.

At the time, according to Reuters, Marchionne characterized the dispute as to whether the automaker had completely disclosed software that protects the engine, adding that the company was planning updated software to address EPA concerns.

"The way that it has been described, I think, has been unfair to FCA, and that is the thing that disturbs me most," Marchionne said at the time

Fiat Chrysler is the seventh-largest automaker in the world based on sales, and its brands include Chrysler, Dodge, Jeep, Ram, Fiat and Alfa Romeo. It earned $2.6 billion in profit in 2016 on $116 billion in sales.

The company is the product of the merger of businesses founded by two historic automobile dynasties: Fiat (Fabbrica Italiana Automobili Torino), founded in 1899 by the Agnelli family, and Chrysler, founded in 1925 by U.S. automobile innovator Walter P. Chrysler.

Sierra Club Executive Director Michael Brune on Tuesday released a statement calling on the auto industry to move more rapidly to electric vehicles. "Fiat Chrysler joins the long list of automakers who have put our clean air and health of our families in the back seat by cheating on emissions tests," he said in the statement.

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